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UNCLAS SECTION 01 OF 02 VILNIUS 000138

SIPDIS

SECSTATE EUR/PGI FOR BPOMAINVILLE, EUR/NB FOR MGERMANO, AND  
OES/ENV

COPENHAGEN FOR LDANDO

SENSITIVE

E.O. 12958: N/A

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SUBJECT: Minister of Environment Setting New Priorities in  
Wake of EU Membership

REF: VILNIUS 93

SENSITIVE BUT UNCLASSIFIED - NOT FOR INTERNET

Summary

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1. (SBU) Ambassador Mull met with Minister of Environment Arunas Kundrotas on February 8 as part of his tour of the GoL's new cabinet (refs A and previous). The Ambassador recalled the extensive bilateral environmental protection cooperation that has taken place, noted ongoing cooperation in areas such as environmental science education through the GLOBE program, and urged support for expanding research cooperation through the signing of a new science and technology agreement. Kundrotas confirmed the formative role U.S. assistance played in shaping the Ministry of Environment, training ministry staff, and building lasting bilateral contacts on environmental issues. The Minister also sees opportunities for partnership on U.S.-EU issues such as mercury, and hopes for additional technical assistance/cooperation on GMOs, monitoring, and other issues. End Summary.

Dust from EU Membership Settling

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2. (SBU) Minister Kundrotas accepted the Ambassador's observation about the fast pace of environmental reform in Lithuania, but noted that he hopes that to get back to work now that EU Membership is a fait accompli. The Minister said that implementing EU directives over the past few years had tapped resources that could have been used for solving local problems. He stated that Lithuania needed to refocus on domestic priorities again, in part to ensure the most efficient use of EU structural funds in the environmental sector. The Ministry is targeting approximately 100 million Euros per year during 2004-2006 to improve drinking/waste water treatment. (This could be an investment possibility for U.S. business.) While cities will start seeing improvements by the end of 2006, smaller towns will not be reached until 2010.

3. (SBU) The Minister does not foresee any fundamental changes in the GoL's environmental policy, but was uncertain whether the parliament would undertake any initiatives. Kundrotas told us his party (Social Democrats) is small and there is a "diverse" level of competence about environmental protection within the parliament. The Minister noted that meeting new EU obligations would be a challenge requiring his active role in moving legislation through the system. He also questioned the qualifications of his new vice-minister Rytis Satkauskas to effectively serve in the position. (Satkauskas, director of the business consulting firm "Sabelija" is a founding member of the Labor Party, the upstart group formed by Russian-born businessman Viktor Uspaskich which controls the most parliamentary seats within the governing coalition.)

D-6 Oil Drilling, Ignalina Nuclear Power Plant

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4. (SBU) Kundrotas was optimistic about the "D-6" Russian oil drilling operation off the Lithuanian coast and pointed out several areas of progress with the Russians. He noted that two of four key objectives of establishing an independent monitoring and post-impact assessment of D-6 had been essentially concluded. The Minister further hopes to develop a risk assessment and rescue plan in the event of a disaster and to agree on the terms of financial compensation should a problem occur.

5. (SBU) On discussions to build a new nuclear power plant (NPP), the Minister cautioned against making a decision absent all the facts. (The President, Prime Minister, and other cabinet members have embraced the construction of a new NPP in anticipation of Ignalina's Reactor 2 closure in

2009). Kundrotas noted that the construction of a new NPP is not a "yes" or "no" question, but a question of "how", "what technologies," etc. While the construction project would certainly seem good for the local communities, the overall benefits to Lithuania might be less clear, he mused.

#### Avenues of Cooperation

16. (U) Ambassador Mull emphasized that while many of the assistance programs that provided funding to EPA and other agencies have concluded, he hoped bilateral cooperation might continue in a few new areas such as research related to environmental problem solving. The Minister applauded the Embassy's effort to re-establish the U.S.-Lithuania Science and Technology Agreement and mentioned Lithuanian research strengths in the environmental sector. He offered his support in moving the agreement through the Ministry of Finance. The Ambassador also stated his hope to keep the Cochran Fellowship Program open to Lithuanians and find new opportunities for U.S. investment. The Minister noted the importance of training programs such as Cochran, and indicated his desire that some modes of cooperation and technical assistance would remain open in the future.

#### Comment

17. (SBU) A holdover from the last government, Kundrotas strikes us as one of the cabinet's most capable members. We will continue to look for ways to work with him and his Ministry.

MULL